

CMA HOUSEBUILDING MARKET STUDY – CONSULTATION QUESTIONS

PLANNING WORKING PAPER (PAGE 109 – 111) [Planning working paper \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Section 4: analysis of the GB Planning System

Question 4.1

1. Do you agree that planning risk is a key issue for the planning system?

Yes.

Gleeson has consistently called for more certainty and simplicity in the planning system. Ultimately planning risk means the delivery of lower numbers of much needed homes.

We particularly agree with the level of uncertainty caused by the political influence on planning. Whilst we appreciate the need for democracy within the system, too often it is used as a platform specifically for political agenda, rather than to assess and critique the objective attributes of a proposal. Accepting the need for local influence, Gleeson would advocate for a system with increased clarity, consistency of process and policy application, which gives better certainty of planning outcomes based on factual matters.

Specifically where a site is allocated for housing (or other use for which an application is forthcoming) we feel that decisions should be determined much more frequently (or indeed exclusively) under delegated powers by Planning Officers, rather than going before a Planning Committee. Where matters do have to go before Committee we would stress that more robust training and regular refresher training should be given to Committee Members to better understand the planning system and the matters pertaining to it.

2. Do you agree with our analysis of the causes of the uncertainty in the planning system and how they contribute to under delivery of housing?

Yes, and as above we particularly agree with the comments around the political interactions. The current system exacerbates uncertainty, where sites/schemes with similar credentials often receive significantly different treatments/outcomes depending on the administrative boundaries they fall within. We feel that increasing the remit of delegated powers and/or increasing training for Members (where Committees are unavoidable) would help to alleviate this, and reduce the instances of applications being refused for unsound reasons which are overturned at appeal.

3. Are there any other factors that we should consider?

Timescales and attitudes of consultees. Whilst this most notably impacts timings as covered in other areas of the report, it can also contribute to the overall uncertainty within the process as well. There are often significant differences between Authorities, and whilst we can appreciate the importance of local circumstance and vernacular, it would be helpful to have a more “level playing field” on key issues. As an example neighbouring LPAs may take completely opposite views in respect of the design of highways, with one preferring “shared areas” with minimal footways, and the next insisting on full double 2m footways in every instance. We also have experience of receiving differing stand points from officers within the same

organisation. Statutory consultees, e.g. Natural England seem increasingly unable to meet consultation deadlines for their responses, sometimes only coming at all if you appeal.

Tied to this inconsistency in consultee responses is the idea that Planning Officers are increasingly becoming conduits of these consultee responses, rather than participating in making an informed judgement on the planning balance of a scheme. This is likely tied to the larger resourcing issues within Local Authorities, but the task is made more difficult by the sheer quantity of consultee responses, which we agree should be reduced as suggested elsewhere in the paper. It feels there is a fear to grant against any objection from a consultee, even where on balance this might be outweighed by other matters.

Uncertainty also extends to condition discharge. Conditions are often attached to permissions at the 11th hour with little choice for the developer other than to accept them, or miss a planning committee and experience further delay. Even where conditions are known in advance, it is sometimes the case that the "goal posts" are moved at discharge, with matters which were considered to have been agreed/established through the main application deliberation ending up going back to the drawing board.

4. Do you consider there to be any significant difference in the level of planning uncertainty between England, Scotland and Wales

No comment.

Question 4.2

1. Do you agree that the current level planning, policy and regulatory costs could threaten the viability of development at some sites? To what extent do you think that this is currently happening? Are some sites and areas more at risk than others?

Yes, good examples include a raft of new mandatory Building Regulation requirements (Part L, F, S, O, M etc) through to new planning requirements in the form of BNG and NN – all of which are adding huge cost to housing delivery.

These matters all pose an increased threat to developments in lower value areas (typically in the north of England) and smaller sites (less than 100 units) which are less able to absorb such costs either by the landowner (as land values are already lower) or by the developer (as revenue, and therefore margin available, is also lower). It is worthy of note that these matters are not simply limited to financial viability also. Taking the point of BNG, it is particularly the case with brownfield sites (where development in general is being targeted/encouraged) that the habitats present on site (including, but not limited to, "open mosaic habitat") are incredibly difficult physically to mitigate and/or offset. These habitats will often cover wide swathes of such sites meaning that onsite avoidance or mitigation is impractical if not impossible, but offsetting is also often infeasible as the habitats are difficult to artificially recreate elsewhere.

As an industry we compete against second hand homes which don't carry this same regulatory burden – prices aren't competitive, and the added burden undermines our ability to price housing "affordably".

2. Do you agree with our analysis that shows the length and complexity of the planning system may contribute to under delivery of housing?

Yes, this gives developers of all sizes the inability to accurately predict, and plan housing development site starts and thus home delivery. The process can often take years longer than the statutory planning timescale, and all this comes with huge costs.

This is only getting worse year on year as the regulatory burden continues to increase. In recent years Gleeson have moved from an already troubling average period to determination of c. 12 months in 2019, to c. 19 months presently.

As with other points made earlier, this frustration also extends into condition discharge. Even once a planning permission has been granted in detail (which as above we would agree routinely takes significantly longer than statutory periods), there will then be a similarly protracted process in order to get individual conditions attached to the permission discharged. It is noted that it is often the same case officers dealing with these condition discharge applications as the main permission. Whilst this perhaps offers some logic from a procedural standpoint (i.e. an officer who has already dealt with main submission may already have detailed knowledge which could make the condition discharge more straightforward), more broadly it speaks to the resourcing issue which is undoubtedly present in most LPAs and the significant (and varied) caseloads of each individual planning officer, which is perhaps unlikely to be efficient.

3. Do you agree that we have identified the key causes of delays in the planning system? Are there any other factors that we should consider?

Tied to the topic of "increasing public and political engagement with the planning process"; as well as the inherent delays this can cause via political entanglement, this process also involves inherent procedural delay, even where there has been little additional political debate, simply by the requirement to tie a decision to planning committee cycles. Planning committees are, at best, monthly and usually come with long lead-in periods for officers to draft reports and prepare. Committee meetings are also frequently cancelled for a myriad of reasons, all of which means that it can often take a period of months just to get to planning committee once all matters have been settled/agreed with planning officers.

Particularly we agree with the comments pertaining to delays with statutory consultee responses and agree with recommendations to reduce the list and hold people accountable to timings. Where a response isn't received, the planning officer should determine accordingly on the planning balance. In implementing any changes in this regard it would be important to preclude the practice of "holding responses" to buy more time.

4. Do you consider there to be any significant difference between England, Scotland and Wales in: i) the extent to which planning policies and costs threaten the viability at some sites; and ii) the causes and extent of planning delays and their impact on delivery of housing?

No comment

Question 4.3

1. Do you agree with our analysis that in some cases local targets may not accurately reflect underlying housing need and the reasons for this? What impact do you consider this has on housing delivery?

Yes, and in addition to general "under supply" this can also lead to the wrong type of housing or locations that don't serve the greater need in the area. A prime example of this could be local plans that rely on large quantities of city centre apartments, where in reality it is family housing which is required (and the apartment allocations may be unlikely to be delivered in any event in current market conditions).

2. Do you agree that in some the planning system lacks internal consistency within its objectives, meaning that LPAs may be insufficiently focused on meeting housing need?

Yes. We particularly agree with the notion that the increasing environmental and regulatory planning burden is likely to have a detrimental impact on housing delivery. This is both in respect of individual sites becoming financially unviable, but also through the capacity of site allocations becoming squeezed by Policy burden. As a case in point sites are routinely required to provide a proportion of on-site usable public open space, sustainable urban drainage features, and now Biodiversity Net Gain (and potentially Nutrient Neutrality). Many LPAs will take the view that land can't serve multiple purposes (i.e. POS can't serve as SUDS or BNG land) meaning that increasingly large proportions of the land available on housing allocations becomes sterilised from development, and the scope for delivery from the site itself is reduced. This will in time mean that more housing allocations are needed to deliver the same number of houses; a process which is likely to be problematic for LPAs when facing resistance from local residents and Members when looking to get Local Plans adopted. This "squeeze" will be made worse by various land parcels being sterilised for at least 30 years where they have been subject to BNG offsetting, meaning the availability of land for future allocations is reduced.

3. Are there any other issues relating to targets, incentives or planning constraints that we should consider?

Mandatory targets for the provision of new housing are the foundation of delivery. The removal or dilution of these targets effectively makes new housebuilding an elective option, and inevitably democracies will not vote for development.

From an LPA perspective clear mandatory housing targets would help to alleviate these issues by giving the LPA a clear mandate to necessitate the adoption of a "fit for purpose" plan, including Green Belt release as needed. "New Homes Bonus" initiatives could also be refocused to give a clear benefit to an LPA in allocating and supporting the appropriate amount of housing, rather than just being seen as a Council Tax "top up" which they "will get anyway" as is the view of some LPAs. This could perhaps be based on all planning grants secured rather than net increase in dwellings delivered, a "planning grant bonus".

From a developer standpoint the best incentive is to ensure that planning gain is set at the right level for a given area, including appropriate banding both geographically and based on the status of land i.e. brownfield or regeneration land should be afforded increased financial support to both reflect the heightened physical cost burden of such sites, and also to help incentivise the priority development of such sites as is encouraged by Government.

4. Do you consider there to be any significant differences between England, Scotland and Wales in either how targets are set, the balance of incentives faced by LPAs and the extent of local planning constraints? If so, how do you think they impact housing delivery?

No comment

Question 4.4

1. Do you agree with our analysis of how the planning system may be having a disproportionate impact on SME housebuilders?

Yes. The inefficiencies in the planning system negatively impact *all* of those who engage with it, but it is likely this will be felt even more keenly by SMEs.

2. Do you agree that we have identified the key issues faced by SMEs due to the planning system?

Yes.

3. Do you consider than the current planning system is incentivised to deliver housing on larger sites? If so, what are the implications of this for the housing delivery?

No. As a developer which bridges the gap between SME scale sites (up to say 50 dwellings) and those significantly in excess of this, we have experienced the same planning issues across all developments suffering the same delays and issues on a site of 50 units as one with 500 units. Whilst there is no specific incentive to deliver housing on larger sites, there is a tendency from many LPAs to opt for fewer, larger allocations, than multiple smaller ones. This may be because from an officer point of view, fewer sites means less work (and therefore fewer resources), or from a political point of view, fewer sites meaning fewer upset residents. A variety of sizes of sites is needed to facilitate consistent delivery of housing.

4. Are there any other aspects of the planning system that have an impact on SME housebuilders that we should consider?

The end to end planning process (from plan stage through to individual applications) across the board is complex and inconsistent, and these factors are likely to be compounded for an SME who perhaps have less experience and less resource to call on in navigating the system. Even without radical reform, simple changes in current processes such as driving standardisation by requiring all LPAs to use the same terminology and format styles for their Planning Policy documentation and websites would go a long way to make the process clearer and easier to understand for all involved.

Grant or equity support that doesn't affect their lending capacity could be considered to help SMEs carry the financial burden of the planning cost predevelopment.

5. Do you consider there to be any difference between how the planning system impacts SMEs between England, Scotland and Wales?

No comment.

Section 5: Options for reforming the planning system.

Question 5.1

1. Should the UK, Scottish and Welsh governments be considering changes to their various existing methods of assessing housing requirements? If so, should providing certainty, stability and consistency to the housebuilding market feature?

Yes

Despite efforts to arrive at a clear standard method already, the current situation is not clear, leading to much criticism as is referred to throughout the CMA report. The highlighted inconsistency/incompatibility between national and local targets is a clear example of how the current system isn't working. This needs to be a fair reflection, including migration etc, and also reflecting an attitude of growth to ensure it is future proofed.

We support HBF proposals of an existing stock-based approach, as population projection methods tend to "bake in" past under-delivery.

2. Are the criteria we set out in paragraph 5.19 appropriate for determining an improved methodology for target setting?

Yes we would agree that these criteria should help to create a position which is more clearly understood, and therefore hopefully more readily accepted by relevant stakeholders. We agree with the importance of criteria (e) in respect of aligning with national targets, and would stress this should be more stringently applied to ensure the nation, and each local authority, delivers the amount of housing that is needed, where it is needed, and indeed this should be "growth focussed" – particularly in light of "levelling up" aspirations.

3. What is the most appropriate method of forecasting housing need – nationally and locally?

There are pros and cons to both national and local approaches, but we feel there needs to be a strong commitment to meeting the overall needs of the nation with individual regions being required to do their part in meeting this overall need. On balance therefore we feel targets should be imposed nationally, with a local requirement to contribute appropriately to ensure the national target is met.

Growth aspirations/targets also need to be appropriately considered to facilitate the "levelling up" agenda.

Question 5.2

1. How could the financial and resourcing constraints facing LPAs in the production of local plans be mitigated whilst incentivising LPAs to produce local plans on time?

The increase in planning fees is now imminent. We would reiterate **all** of this money should be ringfenced for planning or "planning adjacent" purposes, and not absorbed more widely. Previously in this response we proposed a revision to New Homes Bonus to be more closely aligned to planning grants; it could be the case that this is tied to production of a current local plan (i.e. any bonus is only payable where an up to date Plan is in place).

2. We note in Section 4 above that land supply constraints, such as urbanisation or greenbelt land, affect the availability of sites for local plans. These constraints would not be directly changed by financial incentivisation. How could land supply constraints be managed in an effective way?

Current methods allow for an LPA to make reductions to their housing targets simply on the basis that they already have too much constrained land, be this from a physical (i.e. simply not enough undeveloped land in the Borough, or "hard" boundaries to the Borough such as the coast) or Policy (Green Belt) background. Where this is rooted in Policy we simply don't believe this is the appropriate approach, and rules should be firm enough to require an LPA in such scenarios to review their Green Belt boundaries. Whilst this is always likely to be a difficult process, it would still likely be preferable to the alternative of facing repeated speculative applications within the Green Belt, facilitated by the presumption (or some other mechanism) owing to an Authority having no up to date plan.

Question 5.3

1. What is the most appropriate method for implementing a reformed, rule-based system that is designed rigorously and resilient to future changes in planning policy -and which minimises disputes about the lawfulness of developments?

Gleeson would welcome any streamlining to the current system which genuinely and tangibly improves efficiency in the process. The reinstatement of mandatory targets is fundamental to a functioning system, which is transparent both to local populations and to developers, and is the only way for Government to fulfil its responsibility to the electorate to facilitate the provision of sufficient, affordable and high quality new homes.

We would support the concept of the move to a "rules-based" or "zonal" system facilitating the granting of permission via a "lesser" application (or indeed an "automatic" approval). That said, we would agree with caution that such a process would need to be carefully constructed to ensure that there is a true meaningful differentiation between any "quicker" route and a full application. Previous initiatives along these lines have invariably become lost in detail once moving beyond a headline concept. Ending up with two separate processes which are at their heart actually very similar but procedurally different will do little to improve the status quo, and could ultimately worsen matters by doubling the knowledge needed for those involved.

We strongly support the concept of reducing the quantum of proposals that go before planning committee to help stop the use of the planning process as a political instrument and feel simple changes at either a local or national level could easily increase the scope of delegated decisions. The aftermath of Covid has already brought this about in certain parts of the country, and so it is clear that it can be done.

Any reform to the planning system should be backed by strong legislation with a swift timeline to implementation; invariably in the past radical reforms become lost in protracted debate and shelved.

We strongly support suggestions for streamlining the definition of mandatory consultees and enforcement of response deadlines.

Question 5.4

1. To what extent would increase planning fees materially affect the viability of certain developments? Are there particular circumstances where this is likely to occur?

It shouldn't affect the viability of schemes on the whole if it helps the planning process and speeds up and delivers the appropriate consents. It will however make the planning process more expensive and with the lack of certainty on obtaining planning, will increase write off cost/risk of loss and no return. This would be especially impactful on SMEs.

As stated previously, we believe it is imperative that the revenue gained via fee increases be ringfenced to planning and "planning adjacent" (i.e. highways etc) functions.

The loss of the "free go" will add to the costs, and it is possible this is misused by LPAs to attract multiple fees.

2. How could the availability of qualified planners be improved?

- Promote the opportunity through our education system.
- More graduate programmes through the LPA for planning officers, etc
- Improve pay scales to compete / align with the private sector.
- Provide planners with more power on the overall decision based on planning balance. A recommendation for approval from a Senior Planner can often still not get committee approval which will be demoralising after months if not years of hard work to create a scheme which is appropriate and acceptable in the planning balance. We have sympathy that planning officers are frequently "caught in the middle" between developers/applicants and Members. Again, increasing powers of delegation would go a long way to combat this.
- Use of external consultants to support lack of planning resource; this could be funded by PPA or similar agreement.

Question 5.5

1. What measure would be most effective in supporting SMEs to navigate the planning process effectively?

- Simple guidance from the LPA at pre-app (note that some LPAs do not even have the resources to provide pre-app advice in a timely manner).
- A "hand holding service" for SMEs.
- LPA attitudes to work *with* SMEs (and indeed all applicants) to achieve an acceptable planning outcome, rather than to simply resist or work *against* proposals. It is not uncommon for schemes to be deemed unacceptable without any clear guidance or steer as to why, or how the scheme could be made acceptable.

LOCAL CONCENTRATION AND LAND BANKS WORKING PAPER (PAGE 45 – 46) [Local concentration and land banks working paper \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Section 2: Background

Question 2.1

- a) Do you agree with our focus on plots as a measure of land banks? What other measures should we take into account?

In the main yes, but one other consideration alongside plot volume could be number of sites, whether short term or strategic.

Section 4: Identifying local areas with high concentration

Question 4.1

- a) Do you have any comments or alternative suggestions for identifying local Housing Market Areas?

No

Question 4.2

- a) Do you have any comments on Method 1?

No

- b) Do you have any views as to how much weight we should put on Method 1?

No

Question 4.3

- a) Do you have any comments on Method 2?

No

- b) Do you have any views as to how much weight we should put on Method 2?

No

Question 4.4

- a) Do you have any other comments on our methodology for exploring land banks? What alternative or additional ways of analysing the data we have collected should we consider to shed further light on the issues?

Feels very data and statistics led and much less real local/regional need. More master planning required on all types of land based not on current developer land banks/holdings, but focussed on what the existing and future needs of the location and growing population are.

Both Method 1 and Method 2 seem complex and it is unclear what either will achieve.

Section 5: Findings

Question 5.1

- a) In the areas identified as potentially highly concentrated in our analysis, what are your experiences of operating in these areas? How well do you consider the market to be working, and why?

Market not currently working to "normal market conditions" due to economy, and govt decisions that have destroyed confidence in purchasers, HTB close was wrong in the market crash that occurred, this hits all parts of the house building process – land bank, site starts, build rates, sales rates, jobs

